

Fill in this information to identify the case:

United States Bankruptcy Court for the:

SOUTHERN DISTRICT OF TEXASCase number (if known): _____ Chapter 7☐ Check if this is an amended filingOfficial Form 201**Voluntary Petition for Non-Individuals Filing for Bankruptcy**

04/20

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, Instructions for Bankruptcy Forms for Non-Individuals, is available.

1. Debtor's name Brazos Sandy Creek Electric Cooperative, Inc.
2. All other names debtor used in the last 8 years aka Brazos Sandy Creek
 Include any assumed names, trade names and *doing business as* names
3. Debtor's federal Employer Identification Number (EIN) 8 7 - 0 8 0 6 8 8 1
4. Debtor's address

Principal place of business <u>7616 Bagby Avenue</u> Number Street <u>Waco TX 76712</u> City State ZIP Code <u>McLennan</u> County	Mailing address, if different from principal place of business Number Street P.O. Box City State ZIP Code Location of principal assets, if different from principal place of business Number Street City State ZIP Code
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5. Debtor's website (URL) _____
6. Type of debtor

<input type="checkbox"/> Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))	
<input type="checkbox"/> Partnership (excluding LLP)	
<input checked="" type="checkbox"/> Other. Specify: <u>TX Non-Profit Electric Cooperative Corp.</u>	

Debtor **Brazos Sandy Creek Electric Cooperative, Inc.**

Case number (if known) _____

7. Describe debtor's business*A. Check one:*

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
☐ Railroad (as defined in 11 U.S.C. § 101(44))
☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))
☒ None of the above

B. Check all that apply:

- ☒ Tax-exempt entity (as described in 26 U.S.C. § 501)
☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor. See <http://www.uscourts.gov/four-digit-national-association-naics-codes>

2 2 1 1**8. Under which chapter of the Bankruptcy Code is the debtor filing?**

A debtor who is a "small business debtor" must check the first sub-box. A debtor as defined in § 1182(1) who elects to proceed under subchapter V of chapter 11 (whether or not the debtor is a "small business debtor") must check the second sub-box.

Check one:

- ☒ Chapter 7
☐ Chapter 9
☐ Chapter 11. *Check all that apply:*

- ☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,725,625. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
☐ The debtor is a debtor as defined in 11 U.S.C. § 1182(1), its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$7,500,000, AND IT CHOOSES TO PROCEED UNDER SUBCHAPTER V OF CHAPTER 11. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return, or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
☐ A plan is being filed with this petition.
☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy Under Chapter 11 (Official Form 201A) with this form.
☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

- ☐ Chapter 12

Debtor Brazos Sandy Creek Electric Cooperative, Inc. Case number (if known) _____

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?
- ☒ No
- ☐ Yes. District _____ When _____ Case number _____
MM / DD / YYYY
- District _____ When _____ Case number _____
MM / DD / YYYY
- District _____ When _____ Case number _____
MM / DD / YYYY
- If more than 2 cases, attach a separate list.

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?
- ☐ No
- ☒ Yes. Debtor Brazos Electric Power Cooperative, Inc. Relationship Parent Entity
- District Southern District (Houston) When 03/01/2021
MM / DD / YYYY
- Case number, if known 21-30725 (DRJ)
- Debtor _____ Relationship _____
- District _____ When _____
MM / DD / YYYY
- Case number, if known _____

11. Why is the case filed in this district?
- Check all that apply:
- ☐ Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.
- ☒ A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?
- ☒ No
- ☐ Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.
- Why does the property need immediate attention?** (Check all that apply.)
- ☐ It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.
What is the hazard? _____
- ☐ It needs to be physically secured or protected from the weather.
- ☐ It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).
- ☐ Other _____

Where is the property?

Number _____ Street _____

City _____ State _____ ZIP Code _____

Is the property insured?

- ☐ No
- ☐ Yes. Insurance agency _____
- Contact name _____
- Phone _____

Debtor Brazos Sandy Creek Electric Cooperative, Inc.

Case number (if known) _____

Statistical and administrative information

13. Debtor's estimation of available funds *Check one:*
☐ Funds will be available for distribution to unsecured creditors.
☒ After any administrative expenses are paid, no funds will be available for distribution to unsecured creditors.
14. Estimated number of creditors
☒ 1-49 ☐ 1,000-5,000 ☐ 25,001-50,000
☐ 50-99 ☐ 5,001-10,000 ☐ 50,001-100,000
☐ 100-199 ☐ 10,001-25,000 ☐ More than 100,000
☐ 200-999
15. Estimated assets
☐ \$0-\$50,000 ☐ \$1,000,001-\$10 million ☐ \$500,000,001-\$1 billion
☐ \$50,001-\$100,000 ☐ \$10,000,001-\$50 million ☐ \$1,000,000,001-\$10 billion
☐ \$100,001-\$500,000 ☐ \$50,000,001-\$100 million ☐ \$10,000,000,001-\$50 billion
☐ \$500,001-\$1 million ☒ \$100,000,001-\$500 million ☐ More than \$50 billion
16. Estimated liabilities
☐ \$0-\$50,000 ☐ \$1,000,001-\$10 million ☐ \$500,000,001-\$1 billion
☐ \$50,001-\$100,000 ☐ \$10,000,001-\$50 million ☐ \$1,000,000,001-\$10 billion
☐ \$100,001-\$500,000 ☐ \$50,000,001-\$100 million ☐ \$10,000,000,001-\$50 billion
☐ \$500,001-\$1 million ☒ \$100,000,001-\$500 million ☐ More than \$50 billion

Request for Relief, Declaration, and Signatures

WARNING – Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

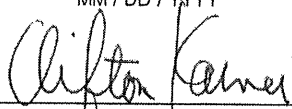
17. Declaration and signature of authorized representative of debtor
- The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.
 - I have been authorized to file this petition on behalf of the debtor.
 - I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 03/17/2022

MM / DD / YYYY

x



Signature of authorized representative of debtor

Clifton Karnei

Printed name

Executive Vice President and General Manager

Title

Debtor Brazos Sandy Creek Electric Cooperative, Inc. Case number (if known) _____

18. Signature of attorney ☒ /s/ David S. Gragg Date 03/17/2022
 Signature of attorney for debtor MM / DD / YYYY

David S. Gragg
 Printed name

Langley & Banack, Inc.
 Firm name

745 E Mulberry Ave. Suite 700
 Number Street

San Antonio TX 78212
 City State ZIP Code

(210) 736-6600 dgragg@langleybanack.com
 Contact phone Email address

08253300 TX
 Bar number State

EXHIBIT 1

**RESOLUTION OF THE DIRECTORS OF
BRAZOS SANDY CREEK ELECTRIC COOPERATIVE, INC.
AUTHORIZING THE FILING OF A VOLUNTARY BANKRUPTCY PETITION
March 16, 2022**

WHEREAS, the staff, management and outside advisors of Brazos Sandy Creek Electric Cooperative, Inc. (the “Cooperative” or “BSCEC”) have had the opportunity to fully consider the financial situation of the Cooperative and the alternatives available to the Cooperative regarding the decision by Brazos Electric Power Cooperative, Inc. (“BEPC”) to reject the BSCEC – BEPC power purchase agreement (the “PPA”);

WHEREAS, the staff and management of the Cooperative have advised that it is in the best interests of the Cooperative, its creditors, and other parties in interest that a petition be filed on behalf of the Cooperative seeking relief under Title 11 of the United States Code, 11 U.S.C. § 101, et seq. (the “Bankruptcy Code”); and

WHEREAS, the staff and management of the Cooperative recommend that the Board of Directors of the Cooperative (the “Board”) enter into this Resolution to authorize the Cooperative to file a voluntary petition for protection under the Bankruptcy Code.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes and empowers the Cooperative to execute and file a voluntary petition for relief under the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Case”) or such other venue as the Board may designate;

BE IT FURTHER RESOLVED, that the Board hereby authorizes and empowers each of the President, the Secretary, and the Executive Vice President and General Manager of the Cooperative, or any one or more of them or their designees (each, an “Authorized Officer”), for and on behalf of the Cooperative and in its name, to enter into discussions with certain stakeholders, to determine whether a Bankruptcy Case under Chapter 11 of the Bankruptcy Code has a reasonable chance of success;

BE IT FURTHER RESOLVED that the Board of Directors of the Cooperative hereby authorizes the Authorized Officer to determine, in his or her discretion, whether a voluntary petition for relief under the Bankruptcy Code should be filed under Chapter 7 or Chapter 11 of the Bankruptcy Code;

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative hereby authorizes the Authorized Officer to execute and deliver, any document appropriate to facilitate the filing of a voluntary petition for relief under the Bankruptcy Code, as any Authorized Officer determines necessary or appropriate and in the interests of the Cooperative;

BE IT FURTHER RESOLVED, that the Authorized Officer is hereby authorized, directed, and empowered, on behalf of the Cooperative, to employ, and pay any appropriate

retainers or compensation to, the law firm of Langley & Banack, Inc. to represent the Cooperative as legal counsel to the debtor in the prosecution of the Bankruptcy Case, subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

BE IT FURTHER RESOLVED, that with respect to any litigation in which the Cooperative is a party or other legal matter, the Authorized Officer is hereby authorized, directed, and empowered, on behalf of the Cooperative, to employ, and pay any appropriate retainers or compensation to, the legal counsel representing or to represent the Cooperative as legal counsel in such matters, subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

BE IT FURTHER RESOLVED, that the final determination and approval of the form, terms and conditions of any document, instrument, certificate, or agreement as provided in this Resolution to be executed on behalf of the Cooperative pursuant to this Resolution may be conclusively evidenced by the execution thereof by any Authorized Officer or, to the extent authorized herein, the Vice President - Services, and the final determination that the taking of any action or the causing of any action is necessary or appropriate and in the interests of the Cooperative shall be conclusively evidenced by the taking of such action by any Authorized Officer or, to the extent authorized herein, the Vice President - Services;

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative hereby authorizes any Authorized Officer and/or the Vice President - Services, for and on behalf of the Cooperative and in its name, to sign, execute, certify to, verify, acknowledge, deliver, accept, file, record and do or cause to be done all such acts and things (including, without limitation, the preparation and filing of all petitions, notices, schedules, disclosures, applications, statements, plans and other documents reasonably necessary in furtherance of the Cooperative's interests in a bankruptcy or related proceeding), to pay or cause to be paid all such costs and expenses and fees with respect to the filing of a voluntary petition for relief under the Bankruptcy Code, and to execute and deliver for and on behalf of the Cooperative and in its name, with or without attestation of the Secretary or Assistant Secretary of the Cooperative, all documents, instruments, certificates, agreements, and advance requests, all as may be determined to be necessary or appropriate and in the interests of the Cooperative by any Authorized Officer or the Vice President - Services to carry out and comply with the purposes and intent of this Resolution in all respects.

BE IT FURTHER RESOLVED, that in a Bankruptcy Case under Chapter 11 of the Bankruptcy Code, the Authorized Officer is hereby authorized, directed, and empowered, on behalf of the Cooperative, to employ, and pay any appropriate retainers or compensation to, any other professionals, including attorneys Langley & Banack, Inc., other legal counsel, financial advisors, accountants, and noticing and claims agents, to represent the Cooperative as debtor-in-possession to assist in the business and administration of the Cooperative in the prosecution of the Bankruptcy Case, subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

BE IT FURTHER RESOLVED, that in a Bankruptcy Case under Chapter 11 of the Bankruptcy Code, the Cooperative, as debtor-in-possession in the Bankruptcy Case, is hereby authorized to obtain the use of cash collateral, in such amounts and on such terms as may be agreed by a Authorized Officer, including the grant of replacement liens or other adequate protection, as

is reasonably necessary for the continuing conduct of the business and administration of the Cooperative, subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

BE IT FURTHER RESOLVED, that in a Bankruptcy Case under Chapter 11 of the Bankruptcy Code, the Cooperative, as debtor-in-possession in the Bankruptcy Case, is hereby authorized to enter into secured facilities, including post-petition debtor in possession financing, in such amounts and on such terms as may be agreed by a Authorized Officer, including the granting of liens and other consideration, as is reasonably necessary for the continuing conduct of the business and administration of the Cooperative, subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

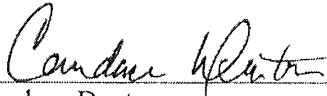
BE IT FURTHER RESOLVED, that in a Bankruptcy Case under Chapter 11 of the Bankruptcy Code, the Authorized Officer is hereby authorized, directed, and empowered to market the assets of the Cooperative for the possible sale of the Cooperative's assets in connection with the Bankruptcy Case, provided that any decision on the sale of such assets is reserved to the Board or such independent designee as the Board shall designate and authorize and subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

BE IT FURTHER RESOLVED, that in a Bankruptcy Case under Chapter 11 of the Bankruptcy Code, the Authorized Officer is hereby authorized, directed, and empowered to formulate a chapter 11 plan of reorganization for the Cooperative in connection with the Bankruptcy Case, or, alternatively, to seek dismissal of the Bankruptcy Case or conversion of the Bankruptcy Case to a case under Chapter 7, provided that any decision on approval of such plan, dismissal, or conversion is reserved to the Board or such independent designee as the Board shall designate and authorize and subject to any necessary approvals by the bankruptcy court in the Bankruptcy Case;

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative hereby ratifies and confirms all actions taken and documents, instruments, certificates, letters and other papers executed or delivered by the Cooperative prior to the date hereof in connection with the transactions approved in this Resolution.

I, Candace Denton, Assistant Secretary of Brazos Sandy Creek Electric Cooperative, Inc., do hereby certify that the above and foregoing is a true and correct copy of resolutions duly passed at a meeting of the Board of Directors of the Cooperative, on the 16th day of March 2022.

Given under my hand and seal of the Cooperative, this 16th day of March, 2022.



Candace Denton
Assistant Secretary

[Seal]

**IN THE UNITED STATES
BANKRUPTCY COURT FOR THE
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re	§	Case No. 22-_____
	§	
Brazos Sandy Creek Electric	§	
Cooperative, Inc.	§	CH. ____
	§	
Debtor.	§	

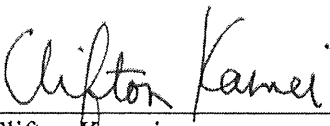
**CORPORATE DISCLOSURE STATEMENT FOR
BRAZOS SANDY CREEK ELECTRIC COOPERATIVE, INC.**

Pursuant to Federal Rules of Bankruptcy Procedure 1007 and 7007, Debtor Brazos Sandy Creek Electric Cooperative, Inc. ("Debtor") makes the following disclosure:

Entities that own more than 10% of outstanding interests in the Debtor: Brazos Electric Power Cooperative, Inc. owns 100% of the outstanding membership interests in the Debtor.

Dated March 17, 2022.

I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.



Clifton Karnei
Executive Vice President and General Manager
Brazos Sandy Creek Electric Cooperative, Inc.

Fill in this information to identify the case and this filing:

Debtor Name Brazos Sandy Creek Electric Cooperative, Inc.
 United States Bankruptcy Court for the: Southern District of TX
(State)
 Case number (if known): _____

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- ☐ *Schedule A/B: Assets—Real and Personal Property* (Official Form 206A/B)
- ☐ *Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- ☐ *Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- ☐ *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- ☐ *Schedule H: Codebtors* (Official Form 206H)
- ☐ *Summary of Assets and Liabilities for Non-Individuals* (Official Form 206Sum)
- ☐ Amended Schedule _____
- ☐ *Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- ☒ Other document that requires a declaration Corporate Ownership Statement

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 3/17/22
 MM / DD / YYYY

x Clifton Karnei
 Signature of individual signing on behalf of debtor

Clifton Karnei
 Printed name

Executive Vice President and General Manager
 Position or relationship to debtor